



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

May 19, 2004

Board of Supervisors
GLORIA MOLINA
First District

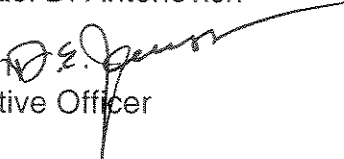
YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Yvonne Brathwaite Burke
Supervisor Michael D. Antonovich

From: David E. Janssen 
Chief Administrative Officer

WASHINGTON D.C. UPDATE

FFY 2005 Conference Committee Budget Resolution

The Conference Committee on S. Con. Res. 95, the Federal Fiscal Year (FFY) 2005 budget resolution, has reached agreement on a budget resolution, which does not include budget instructions that committees cut Medicaid spending, as had been provided in the House version. This greatly reduces the potential risk of legislation being enacted this year, which would curb the use of intergovernmental transfers (IGTs) as Medicaid matching funds, or cap Medicaid payments to government health providers, as proposed by the Administration.

The conference report on the budget resolution increases overall budget authority for homeland security activities by 11.6% from \$27.9 billion in FFY 2004 to \$31.2 billion in FFY 2005, of which \$2.5 billion would be advance funding for the President's Project Bioshield initiative to buy vaccines and medications for biodefense. Overall budget authority for all other non-defense discretionary programs would increase by 0.9% from \$366.3 billion to \$369.4 billion in FFY 2005. Individual program funding levels would be set later through the FFY 2005 appropriations process, subject to these overall budget limits.

The House is expected to adopt the conference report on S. Con. Res. 95 today, or tomorrow. Approval of the conference report by the Senate is far less certain. Senator Collins (R-ME) already has announced her opposition to the budget resolution, and

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three other Republican senators also may oppose it on the grounds that it does not include the Senate version's "pay as you go" language which would have required that all new tax cuts or increased entitlement spending be offset for five years. The conference version, instead, would provide for a pay as you go requirement for legislation considered on the Senate floor, which would expire on April 15, 2005, and which would not apply to a \$27.5 billion tax cut reconciliation bill authorized in the budget resolution.

As a sign that the House Republican leadership believes that the Senate may not adopt the conference report, the House rule (H. Res. 649) for floor action on the budget resolution provides that, upon House adoption of the conference report, the budget resolution will have force and effect in the House even if it does not pass the Senate. At the end of this week, both houses of Congress will leave for its Memorial Day recess and will reconvene on June 1, 2004.

We will continue to keep you advised of any new developments.

DEJ:GK
MAL:MT:ib

c: Executive Officer, Board of Supervisors
County Counsel
All Department Heads
Legislative Strategist